

The Extent of Implementing Responsibility Accounting Features in the Jordanian Banks

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Abstract

This study aims to identify the extent of implementing responsibility accounting in the Jordanian banks. And the data of the study was collected by distributing 55 questionnaires on the sample of the study which represented the employees of the Jordanian banks from different administrative levels as general managers, departments' managers, the branches' managers and ordinary employees. Fifty questionnaires were retrieved. After data was analyzed using SPSS, the study concluded that the Jordanian banks commit to the application of the potential responsibility accounting regarding the division of the organizational structure into centers of responsibilities, the authorization the managers of the responsibility centers with clear powers, the distribution of costs and the revenues to responsibility centers according to the center's ability and validity, the previous linking of the estimated budgets with the responsibility center, using the budgets for control and the performance evaluation through comparing the actual performance with the planned one for each responsibility center, preparing reports which analysis the deviations of the real performance of the plan, the existence of system of incentives correlated with the results of the responsibility centers but these banks do not commit to some details of these potentials as not every responsibility center perform one type of activity, non-participation of the employees of the responsibility center in preparing the center's budget according to every one's work, the reports' lack of interest of the responsibility center's performance regarding the non-financial aspects, and the employees' non-satisfaction of the system of the incentives used in their banks. And the study came up with a number of recommendations as follows: the necessity for the Jordanian banks to involve all the employees who work in the centers of responsibility in setting goals and preparing the estimated budgets of their centers according to every one's specialization and potentials, the necessity of cooperation between the Central Bank, The Association of Banks and the administrations of the banks in developing a guide to be recommended for application in the Jordanian banks includes the objectives, features and the advantages of using the responsibility accounting, the necessity of the professional associations as the association of banks to encourage the banks to use the other modern methods of the administrative accounting in their business as the application of Activity Based Costing system (ABC), Activity-Based budgeting System (ABB) and the Balance Score card (BSC).

Keywords: Centers of Responsibility, Estimated Budgets, the control, Evaluation of performance, Report of the performance, Responsibility Accounting.

1- Introduction

The sector of banks is considered as one of the most important pillars of the Jordanian economy for its effective role in serving the financial and monetary policy of the country in addition to its role in facilitating the commercial exchange operations between the different economic sectors inside and outside Jordan and its contribution in supporting the economic development of the society.

But in the light of the expansion of the markets and the big size of the bank's capital, the traditional administrative accounting measurements and systems are no more capable to give an integrated image of the performance of that bank so there was necessity to switch to the modern methods of administrative accounting which help the

administration to plan the costs and control them so this will help in achieving the desired goals and facing the current and the future challenges and achieving the competitive advantage of the bank (Jafer, 2002.38). And the bank needs the modern administrative methods to provide the administration with the necessary information for taking decisions so as to be on time and with necessary quantity to achieve the objective of the decision (Germany&Omari, 2003.118)

One of the modern methods of the administrative accounting that this study will discuss is the responsibility accounting, which depends on the decentralization method in the administration that needs having constraints to the control to make sure that the administrations, do their jobs properly. Decentralization means authorizing the power of taking decisions in the company and providing the managers with the appropriate powers regarding their positions and limits of responsibilities (Garrison et al, 2009) and this should be followed by comparing the planned performance and the planned one of every center of responsibility (Horngren et al, 2005, 225). And because of the important effect of the responsibility of accounting in the decision planning and the evaluation of performance, this study discuss the extent of the Jordanian banks' application of the features of responsibility accounting.

2- The problem of the study:

The responsibility accounting is considered as an important measurement tool aims to verify the bank's operations and activities regarding to what it is planned for, and this requires comparing the actual performance in every section or department with what it is planned for and determines the deviation and analyze them, knows their causes and who are responsible for, take the necessary correction procedures which achieve the control's requirements and the evaluation of the employees' performance and helps the bank in achieving its different goals.

So the problem of the study is represented by identifying the extent of the application of the responsibility accounting system in the Jordanian banks through answering the following sub-questions:

1. Do the Jordanian banks divide the organizational structure into centers of responsibilities?
2. Do the Jordanian banks authorize the managers of responsibility centers clear powers?
3. Are the costs and the revenues distributed to the centers of responsibility according to each center's capability and authorities in the Jordanian banks?
4. Do the Jordanian banks previously link the estimated budgets with every center of the centers of responsibility?
5. Are the estimated budgets used for control and evaluate the performance in the Jordanian banks?
6. Do the Jordanian banks prepare reports that analyze the deviations of the actual performance and the planned performance?
7. Is there an incentive system associated with the results of the centers of responsibility in the Jordanian banks?

3- The importance of the study

The importance of this study is due to the fact that the banking sector is considered as one of the important sectors that supports the national income and it is considered as one of the most important means of the economic development. Moreover, the banks meet the different needs of the Jordanian society by providing diverse banking services.

Therefore, the importance of using the latest and the best methods in administrative accounting is highlighted as away to maintain the continuity of the banks' progress. And the responsibility accounting is considered as one of the important administrative accounting methods that focuses on the control of the costs, and linking the reports and the financial statements with the organizational structure which requires dividing the company into centers of responsibility that are based on cost control, the control over the employees of these centers and officials responsibility whenever there is a need. So studying the extent of the application of the Jordanian banks of the responsibility accounting system serves many categories: the administrations of the banks because this system contribute in the control operations and the performance evaluation, and helps the shareholders in evaluating the extent of the banks' preservation of their money and in controlling the costs and questioning who are responsible for the desirable deviations. It also helps the depositors to evaluate the extent of the banks' ability in keeping their money and it helps the customers to have the best banking services. In addition, may be the best thing to be achieved is that the Jordanian banks' commitment to the responsibility accounting will affect positively the economic balance.

4- The theoretical frame

The system of responsibility accounting appeared in the first half of the twentieth century after the Second War World had finished as one of the developments of the costs accounting (Kahala and Hanan, 2002, 412). But the appearance of a set of factors after this period developed significantly the responsibility accounting and the most important factor was the companies' attitudes towards forming big economic units to get benefit of the advantages of the big size and the specialization and establish branches in different cities of different sections and increase the competition between the companies and the multiple administrative levels which made the higher administration far away from what is going in the other levels (Razi, 2007, 20).

The responsibility accounting has become an administrative method that aims to design the accounting system to achieve an effective control over performance through the direct connection between the accounting reports in one hand and between the principals on the other hand regarding the structure of the administrative organization of the company with all its administrative levels (Meda, 2003, 324). The responsibility accounting draw the administrative system and link the reports of the individuals' performance with the principals of the different administrative units (centers of responsibility) in the company which makes it is possible to know the extent of the achievement of these centers to their objectives and the center of responsibility is defined as the administrative or the technical unit in the company that has a specific objective and uses the sources and the resources of the company to achieve its objectives and be under the leadership of a specific person (Rajbi, 2004, 327).

The centers of responsibility in the financial institutions are divided into four:

- 1- Centers of costs: they are the departments where the principals' accounting is taking place regarding the costs.
- 2- Centers of revenues: their responsibility is represented in the control over the revenues, the accountability of achieving the revenues and are compared them with the planned revenues, and they reveal the causes of the deviations if there are some.
- 3- Centers of profits: their responsibility is represented by the costs and achieving the revenues as if the center of profit is considered as an independent company that has its own costs and revenues.
- 4- Centers of investment: they are the departments where the principals have the responsibility of using and having the assists and the responsibility of administrating the revenues and the expenses (Al Adam and Rezq, 2006, 361) and (Garrison, 2008, 552).

So responsibility accounting was identified as a method of the administrative accounting methods that aims to support the control of the performance through linking the responsibility of the expenditures and the revenues with the different levels of the organizational structure in the light of the planned budgets so as to be possible to issue control reports over the performance compared with the plan of every center of the responsibilities' centers so the determination of the deviation responsibility will be determined accurately and treated efficiently in the proper time (Tahan, 1990, 16). And it was defined as the system that gather and prepare Periodic reports about the information regarding the costs and the revenues of every center of responsibility existed in the company so as to enable the higher administration to plan and control the performance of these centers (Abo Nasar, 2010). And it was also defined as the accounting system which aimed to record the costs and the revenues according to their centers of responsibility in order to identify the deviation of the estimated budget and identify the people who are responsible for these deviations (Durary, 1992.477).

The system of responsibility accounting achieves many advantages as:

- 1- It measures the cost regarding the level of the departments and the centers rather than measuring it regarding the total level, which helps the costs according the type and the department.
- 2- It leads to the disclosure of the geographical distribution of the expenditure, which helps in the general planning and the accountability.
- 3- It helps in evaluating the economic unit from the base till the peak through using standards of evaluating the performance that vary according the organizational level.
- 4- It makes the employees in the administrations and the departments more aware of the importance of their decisions and the expenditure rationalizing.
- 5- It helps in preparing the detailed budgets and helps in knowing the actual costs according to the centers, which these budgets were prepared.

- 6- It provides information of the departments' performance in the proper time to the beneficiaries to help them improve the departments' performance through taking the suitable procedures.
- 7- It helps the administration in choosing the proper officials to takeover big centers and responsibilities.
- 8- It enables the different administrative level in the organization to identify its responsibilities and take care of them.
- 9- It helps in setting a system of rewards, incentives and wages (Khasharma and Omari, 2004, 263).

The elements of the responsibility accounting system are (Gharaibaet al, 2011):

- 1- Dividing the organizational structure inside the company into centers of responsibility where they were divided into administrative units according the nature of the company under the responsibility of an administrative character and this division forms the completely organizational structure of the company.
- 2- Authorizing the managers of the centers of responsibility with clear powers so as the administration can charge the one who is responsible for the results of the responsibility center's work. And the managers should be authorized with power that suit the nature of the center's activity and the required responsibilities so as to take decisions regarding the center of responsibility and be responsible in front of the administration for the results of the final performance of their center of responsibility.
- 3- Distributing the costs and the revenues to the centers of responsibility according the ability of every center and its powers to limit and identify the responsibilities of every center regarding the direct and indirect costs and the revenues and the prices of transformation between the centers so as to stop any possible interference between the responsibilities of these centers and to have fair charging.
- 4- Linking the planned budgets with every center of responsibility since the measurement of the actual performance of the centers of responsibility for the sake of evaluating it requires standards and planned budgets prepared previously to know if the actual performance of the different centers of responsibility is acceptable or not. There should be a budget for each center that reflects its future objectives and the center's employees should participate in preparing it to be realistic and possible to be achieved as a result of the feeling of commitment towards its implementation.
- 5- Using the budgets for the control and the evaluation of the performance through comparing the actual performance with the planned one of each center of responsibility. Because responsibility requires the necessity of linking the standards with the responsibilities, the actual performance of each center should be measured firstly using the accounting systems which are based on scientific basics and so the planned budgets which are prepared previously could be used to every center to be used as a reference and a standard to judge the actual performance and identify the deviations resulted from the difference between the planned performance and the actual one.
- 6- Preparing reports that analysis the deviations of the actual performance of the planned one to identify who is responsible for the deviations where every manager of each center of responsibility should be charged regarding the activities done in his center and all the managers of the centers have to participate in preparing their centers' budgets that analyzes the reasons of the actual performance's deviations of the planned performance and every center's performance has to be evaluated and every performance report has to be sent by the feedback of the information to the manager in the appropriate time.
- 7- Setting a system of incentives linked with the results of the centers of responsibilities so the reports of the performance can be effective and their results should enhanced to identify the reasons of the negative deviations so as not to be repeated in the future and to enhance the positive deviations and identify who are responsible for them to be rewarded and to be a positive example for their employees to motivate them to improve their performance and the system of incentive has to be linked with the performance during the period of planning and preparing the budgets.

5- The previous studies:

The study of (Gharaiba, et al, 2011) entitled by: "The extent of implementing responsibility accounting features in Jordanian industrial corporations and its effect on profitability and operational efficiency" aimed to explore the extent to which seven primary responsibility accounting features are implemented in Jordanian industrial Shareholding Companies, and the effect of implementing each feature on the company's profitability and operational efficiency. And the questionnaire, the tool of the study, was distributed to a sample consisted of 42 Shareholding Companies and data was analyzed using dispersion measures and Pearson correlation to examine the relationship

between each feature and the ratios of profitability and operational efficiency. The study concluded the Jordanian shareholding companies' commitment to implement the features of the responsibility accounting, and the study also showed that there is a significant relationship implementing the responsibility accounting and the company's profitability and operational efficiency.

The study of (Jooda et al, 2009) entitled by: "Extent of Application of Responsibility Accounting in Jordanian Hotels" aimed at highlighting the importance of the application of responsibility accounting and identifying the extent of its application in Jordanian hotels. And to achieve the objectives of the study, a questionnaire was designed and distributed to 27 five stars and four stars hotels located in Amman(12 five star hotels and 15 four stars hotels). The study found that the Jordanian hotels clearly identified the center of responsibility and prepared planned budgets that link the planned performance with the actual one and the existence of integrated system to generalize the performance and the incentives' system.

The study of (Abo mesen, 2009) entitled by: "The capability of applying modern principles of administrative accounting at National Banks in the Gaza Strip" aimed to determine the capability of applying modern principles of administrative accounting at National Banks in the Gaza Strip. 38 questionnaire have been distributed on the study society, that consisted of the seven active national banks. The study found out the active Palestinian banks in the Gaza Strip have sufficient information systems and internal experience to apply the modern principles of administrative accounting, and the working financial information flow to the system of activity based costing (ABC) is a database to the services continuing. Development and improvement objectives that related to the balanced scored card (BSC) and to the activity based budget (ABB).

The study of (Ghala, 2005) entitled by: "The availability of the features of the application of accounting responsibility in the industrial companies in Libya" aimed to identify the extent of Libyan industrial companies' interest in determining the centers of responsibilities and the organizational structure and the extent of identifying the standard costs and comparing the planned budgets with the actual ones. A questionnaire was distributed to a sample consisted of 11 industrial companies. The study concluded the absence of coordination between the centers of responsibility that limits the application of the responsibility accounting system and the most of Libyan companies do not depend on the standard costs in their budgets and there is no system of incentives.

The study of (Zagheer, 2005) entitled by: "The availability of the features of the responsibility accounting application in the control and performance evaluation in the Libyan commercial banks" aimed to identify the possibility of developing an accounting system for responsibility used in the control and the evaluation of performance in the commercial banks which are five banks. The questionnaire as the tool of the study was used to collect data, which was analyzed using the analytical descriptive approach. And the study concluded that there was no determination to the centers of responsibility in the organizational structures, there was lack of sequences of the responsibility of preparing the reports and a description to these centers.

The study of (Syam, 2004) entitled by: "Extent of Application of Responsibility Accounting in Jordanian hospitals" aimed at studying the Extent of Application of Responsibility Accounting in Jordanian hospitals and reveal its effect on the administrative jobs as planning, control and performance evaluation and the difficulties of this applications as well. A questionnaire as a tool of the study was used to collect data. The sample of the study was distributed to 102 respondents who work in the financial sectors in the hospitals. the results showed that most of the hospitals apply the responsibility accounting and the relation was clear between the sections in the hospitals which apply the responsibility accounting and there is a link between the revenues items and the costs which were later linked with the centers of responsibility and the employees of those centers.

The study of (Meda, 2003) entitled by: "The responsibility accounting system in the Jordanian industrial shareholding companies: reality and hope" aimed to examine the status of the practical and actual application of the responsibility accounting system in the companies regarding the administrative organization and the planned budgets and to measure the actual performance and compare it with the planned budgets. The hypotheses of the study were chosen by distributing a questionnaire to all the Jordanian industrial shareholding companies listed in Amman stock Exchange for the year 2001, which were about 89 companies. The study concluded that 66% of the industrial shareholding companies apply the responsibility accounting but not fully.

The study of (Dunn, 2002) entitled by: "Responsibility Accounting" aimed at showing the role of the responsibility accounting in helping the company achieving its objectives. the study was applied on the International Croda Company where the researcher divided the organizational structure to centers of responsibility, and apply the decentralization through which the center's administration took its special responsibility and measure its results and

prepare the reports of evaluation for all the administrative levels so as to reflect the responsibility of each center. The researchers also highlighted the importance of the Financial Ratios for evaluating the performance and the best one was the Economic Value Added and the Residual income.

The study of (Lin and YU, 2002) entitled by: “Responsibility Cost Control system in china” aimed at identifying the possibility of responsibility accounting application in the different economic and social systems. this study which was applied on one of the Chinese companies concluded there was an influence of the responsibility accounting in improving the control over costs in the Chinese market, in reducing the costs of production, motivating the employees and helping the company in achieving its objectives.

The study of (Gerald, 1995) entitled by: “Owning the Numbers” aimed to show the effect of applying the responsibility accounting in the companies’ revenues and the stock prices. The researcher applied the study on Dybold Company where he compared this company when it used the old system and with the current situation after applying the system of responsibility accounting. Te study concluded costs accounting application leads to the control increase over the costs and control and the application of responsibility accounting leads to an increase in the sales, revenues and the company’s share market. And it increase the ability of administering the work and the managers became more satisfied with their work and their salaries were increased.

This study is distinguished from other previous studies is that it aims to study the extent of the application of the features of the responsibility accounting in the Jordanian banks while the other studies discussed the application of responsibility accounting in the shareholding companies in general, and other studies discussed sectors of hotels, hospitals and industrial companies but there was no study that discussed the extent of the application of the features of the responsibility accounting in the Jordanian banks.

6- The hypotheses of the study

Based on the theoretical frame and the previous studies, the following hypotheses were formed:

HO1: the Jordanian banks do not divide the organizational structure into centers of responsibility.

HO2: the Jordanian banks do not authorize the managers of responsibility centers with clear powers.

HO3: the costs and the revenues are not distributed to the centers of responsibility according to each center’s capability and powers in the Jordanian banks.

HO4: the Jordanian banks do not link previously the estimated budgets with the centers of responsibility.

HO5: the estimated budgets are not used for control and performance evaluation in the Jordanian banks.

HO6: the Jordanian banks do not prepare reports through which deviations of the actual performance of the planned one was analyzed.

HO7: there is no system of incentives that links the results of the centers of responsibility in the Jordan banks.

7- Methodology of the Study

For achieving the objectives of the study, the descriptive analytical method was used. In addition, the suitable statistical procedures, SPSS were used for testing the hypotheses and for presenting and analysis of the data.

7.1 Methods for Collecting Data

The researcher depended on two kinds of data during collecting it

1. Secondary data: the related studies of auditing about the subject of the study were reviewed from different references, magazines, studies, periodicals, etc. for developing the theoretical background of the study.
2. Primary data: the researcher made a comprehensive field survey for the population of the study by using a questionnaire to collect data and test the hypotheses of the study. The questionnaire consisted of two parts. The first part aimed at collecting general data to identify the characteristics of the sample of the study. The second part aimed at getting data related to study hypotheses.

7.2 The population and the sample of study

The population of the study is represented by all the Jordanian banks which are 13 commercial banks and 3 Islamic banks of the sample was represented by a random sample consists of 50 assistants of the general managers and the managers of the Jordanian banks’ branches and their assistants and the employees of these banks. 55 questionnaires were distributed but 50 were retrieved with a percent 91%.

Table (1) The description of the sample

Scientific qualification	N	Portion
Diploma	3	6%
Bachelor	35	70%
Master	10	20%
Doctorate	2	4%
Age		
Less than 25 years	7	14%
25-34	8	16%
35-44	26	52%
More than 45 years	9	18%
Practical experience		
Less than 5	3	6%
5-9 years	9	18%
10-14	28	56%
More than 15	10	20%
Job title		
Assistant of general manager	2	4%
Head of department	8	16%
Branch's manager	18	36%
Head section	15	30%
Employee	7	14%

7.3 Statistical analysis of data

The following statically methods were used to analyze data and test the hypothesis according to SPSS:

- 1- Testing the reliability of the tool of the study: Cronbach Alpha was used to measure the internal reliability of the questionnaire's items and the internal consistency among the responses of the respondents which was 72% and this value is acceptable as it is higher than 60% so the results could be generalized.
- 2- Normality Distribution *Test*: Kolmogrov- Smirnov test was used to test the normality of the distribution of data. And the results showed that the data was distributed normally. It is illustrated from the table that the significance level 5% for all the hypotheses of the study which was bigger than the level of significance Z, was distributed normally.

Table (2) Normality Distribution Test

Hypothesis	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th
sig Z	0.737	1.176	0.855	1.079	0.945	0.835	0.829

3- Testing the hypothesis

One Sample T-Test at the level of significance 5% was used to test the hypotheses of the study, and according to the rule of the acceptance of the hypotheses if the calculated T was less than the tabulated one. The descriptive analysis, which includes frequencies means and the standard deviations of accepting or rejecting the hypothesis, was used.

The first hypothesis: the Jordanian banks do not divided the organizational structure to centers of responsibility. This hypothesis was tested through the first seven items of the questionnaire, and the results were as follows:

Table (3) Results of testing the first hypothesis

T calculated	T tabulated	Sig	Result of null hypothesis	Mean	Std
11.95	1.96	0.00	Rejection	3.76	0.451

As the calculated T is bigger than tabulated T, this means rejecting the null hypothesis and accepting the alternative

one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale. So the Jordanian banks divide the organizational structure to centers of responsibility. And table (4) shows the mean and the standard deviation of the items of the first hypothesis:

Table (4) The items of the first hypothesis

N	Item	Mean	Std
1	There is an organizational structure divided into administrative units according the nature of the activity.	3.96	1.02
2	There is clarity in dividing the work in the administrative units in the banks.	4.02	0.84
3	There is a clear description to the centers of responsibility in the bank.	4.28	0.755
4	There is a coordination and clarity in the relation between the centers of responsibility in the bank.	4.20	0.67
5	There is a specialized manager for each center of responsibility of the bank.	3.88	0.98
6	Every center of responsibility has one type of activity	2.44	0.97
7	The operations inside the center of responsibility are characterized by homogeneity	3.7	1.05

The second hypothesis: the Jordanian banks do not authorize the managers of responsibility centers with clear powers. And this hypothesis was tested through the items (8 – 13) of the questionnaire. And the results were as follows:

Table (5) Results of testing the second hypothesis

T calculated	T tabulated	Sig T	Result of null hypothesis	Mean	Std
12.085	1.96	0.00	Rejection	3.97	0.57

As the calculated T is bigger than tabulated T, this means rejecting the null hypothesis and accepting the alternative one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale. So the Jordanian banks authorized the managers of responsibility centers with clear powers. The table(6) showed the mean and standard deviation of the items of the second hypothesis:

Table (6) The items of the second hypothesis

N	Item	Mean	Std
8	The manager is told his duties in the center of responsibility	3.86	0.92
9	The manager of the center is granted appropriate authorities to do his work.	3.92	0.98
10	There is a description and identification of the responsibilities and the authorities of every job in the bank.	3.94	0.99
11	The employees of the center of responsibility have the needed expertise to do their work in the center.	4	0.92
12	The manager of the center is given enough time to do their work.	4.02	0.74
13	The employees' accountability suits their responsibilities.	4.08	0.96

The third hypothesis: the costs and the revenues are not distributed to the centers of responsibility according to each center's capability and powers in the Jordanian banks. This hypothesis through the items (14 – 18) of the questionnaire, and the results were as follows:

Table (7) Results of the third hypothesis

T calculated	T tabulated	Sig T	Result of null hypothesis	Mean	Std
11.90	1.96	0.00	Rejection	3.92	0.54

As the calculated T is bigger than tabulated T, this means rejecting the null hypothesis and accepting the alternative one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale. So there is a distribution of the costs and the revenues to the centers of responsibility according to each center and its powers in the Jordanian banks. Table (8) showed the mean and the standard deviation of the items of the third hypothesis

Table (8) The items of third hypothesis

N	Item	Mean	Std
14	All the revenues regarding the center of responsibility are identified and recorded.	3.68	0.97
15	All the costs regarding the center of responsibility are identified and recorded.	4.04	1.009
16	There is clarity in the system of comparing the revenues with the costs of the center of responsibility in the bank.	3.8	1.1
17	There is a clear policy regarding the indirect costs' distribution to the centers of responsibility.	4.1	0.88
18	There is a clear and identified system of the costs distribution and the revenues in the bank.	3.9	0.839

The fourth hypothesis: the Jordanian banks do not link previously the estimated budgets with the centers of responsibility. This hypothesis was tested through the items (19-23) of the questionnaire and the results were as follows:

Table (9) Results of the fourth hypothesis

T calculated	T tabulated	Sig T	Result of null hypothesis	Mean	Std
6.805	1.96	0.00	Rejection	3.37	0.39

As the calculated T is bigger than tabulated T this means rejecting the null hypothesis and accepting the alternative one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale which means that the Jordanian banks link the estimated budgets with each of the center of responsibility previously. Table 10 showed the mean and the standard deviation of the items of the 4th hypothesis

Table (10) The items of the fourth hypothesis

N	Item	Mean	Std
19	A clear and a realistic objective is identified for every center of responsibility in the banks complies with the performance standards.	3.8	0.92
20	Necessary adjustments on the estimated budgets of the centers are carried out wherever there is a need.	3.62	0.87
21	The estimated budgets are prepared regarding every center separately.	3.48	1.03
22	The bank trains the employees of the centers and encourage them to achieve these centers' objectives.	3.65	0.92
23	All the employees of the center participate in preparing the center's budget according to their job.	2.42	1.21

The fifth hypothesis: the estimated budgets are not used for control and performance evaluation in the Jordanian banks. And this hypothesis was tested through items (24-28) of the questionnaire and the results were as follows:

Table (11) Results of testing the fifth hypothesis

T calculated	T tabulated	Sig T	Result of null hypothesis	Mean	Std
11.243	1.96	0.00	Rejection	3.79	0.49

As the calculated T is bigger than tabulated T, this means rejecting the null hypothesis and accepting the alternative one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale. So the estimated budgets are used for control and evaluating the performance in the Jordanian banks. And table 12 showed the mean and standard deviation of the items of the 5th hypothesis.

Table (12) The items of the fifth hypothesis

N	Item	Mean	Std
24	Comparing the employees Actual performance with the planned one in every center facilitates the communication between the administrative levels.	3.72	0.99
25	Comparing the employees Actual performance with the planned one in every center helps in evaluating the employees' performance.	3.64	0.66
26	Comparing the employees Actual performance with the planned one in every center provides appropriate information in the proper time.	3.90	0.90
27	Comparing the actual performance of the employees supports the policies of control.	3.88	0.91
28	Comparing the employees Actual performance with the planned one in every center aims to identify the deviations and consequently identifies who is the responsible.	3.84	0.97

The sixth hypothesis: the Jordanian banks do not prepare reports through which deviations of the actual performance of the planned one was analyzed. And this hypothesis was tested through items (29-36) of the questionnaire, and the results were as follows:

Table (13) Results of testing the sixth hypothesis

T calculated	T tabulated	Sig T	Result of null hypothesis	Mean	Std
8.34	1.96	0.00	Rejection	3.52	0.44

As the calculated T is bigger than tabulated T, this means rejecting the null hypothesis and accepting the alternative one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale and this means that Jordanian banks prepared reports that analyzed the deviation of the actual performance of the planned one. The table 14 illustrates the mean and the standard deviation of the items of the 6th hypothesis.

Table (14) the items of the sixth hypothesis

N	Item	Mean	Std
29	Reports of the center of the responsibility is prepared to measure the center's performance.	3.86	1.03
30	The manager and the employees of the center of responsibility participate in designing the form of the performance report.	3.78	0.99
31	The reports regarding the center of responsibility care of the financial aspects.	3.56	1.01
32	The reports regarding the center of responsibility care of the non-financial aspects.	2.92	1.33
33	The reports measures the performance of each center separately.	3.38	1.14
34	The information of the reports are linked with employees who are responsible for them.	3.76	1.04
35	The deviations mentioned in the report are analyzed and studied.	3.36	0.89
36	Methods to treat the reasons of the mentioned deviations in the reports are set where it is possible.	3.94	0.89

The seventh hypothesis: there is no system of incentives that links the results of the centers of responsibility in the Jordan banks. And this hypothesis was tested through items (37-43) of the questionnaire, and the results were as follows:

Table (15) Results of testing the seventh hypothesis

T calculated	T tabulated	Sig T	Result of null hypothesis	Mean	Std
9.021	1.96	0.00	Rejection	3.59	0.46

As the calculated T is bigger than tabulated T, this means rejecting the null hypothesis and accepting the alternative one and the mean of the hypothesis is more than 3 which means it is acceptable according Lickert scale. This means that there is an incentive system which is linked with the results of the centers of responsibility of the Jordanian banks, and table 16 showed the mean and the standard deviation of the items of the 7th hypothesis.

Table (16) The items of the seventh hypothesis

N	Item	Mean	Std
37	The bank's administration grants incentives to the employees who achieved the objectives of the planned objectives.	3.86	0.85
38	The bank's administration grants moral incentives to the employees who achieved the objectives.	4.02	0.97
39	The incentives suit the employee's responsibility in the center.	3.68	0.819
40	The incentives contribute in increasing the employees' efficiency who work in the bank.	3.74	0.96
41	There is a satisfaction by the employees towards the incentives system.	2.52	1.24
42	The employees are rewarded and motivated regarding objective basis and efficiency.	3.88	1.00
43	There is a periodical reconsideration of the system of incentives in the bank.	3.62	1.00

8. Results

After analyzing data, the study concluded the following results:

- 1- The Jordanian banks are committed to the application of the elements of the responsibility accounting regarding the division of the organizational structure into centers of responsibilities in terms of a clear existence of centers of responsibility in the bank.
- 2- There is a coordination and clarity between the centers of responsibility in the bank, clarity in dividing the work between the administrative units in the banks, division of the organizational structure in the bank into administrative units according to the nature of the activity and there is a specialized manager to every center of responsibility in the bank, and the operations inside the center are homogeneous while the sample's attitudes were negative towards having one type of activity in every center of responsibility.
- 3- The Jordanian banks committed to the application of the responsibility accounting features regarding delegation of clear authority for the managers of the centers of responsibility which are represented by the employees' accounting in the responsibility centers that suit their responsibilities, granting the manager of responsibility center the sufficient time to achieve his missions and the employees have the expertise of their work. And the manager of the center is shown his responsibilities and granted the proper authorities to do his work. There is also a description and identification to the responsibilities and authorities of every job in the bank.
- 4- The Jordanian banks commit to the application of features responsibility accounting regarding the distribution of the revenues and the costs to the centers of responsibility according the capability of every center and its authorities which are represented by having clear policy in the bank concerning distributing the indirect costs to the centers of responsibility and determining and recording all the center's costs. there is also an identified and clear system for the distribution of costs and revenues in the bank and clarity in the system of comparing the revenues and the costs of the centers of responsibility in the bank and identifying all the revenues regarding the center of the responsibility.
- 5- The Jordanian banks commit to the application of the responsibility accounting concerning linking previously the estimated budgets with every center of responsibility which is represented through identifying clear and realistic objective for every center that complies with the standards of performance, and the banks commit to

train the employees of these centers and encourage them to achieve these centers' objectives, to carry out all the necessary adjustments of the estimated budgets of these centers whenever there is a need. But these banks do not commit to involve all the centers' employees in preparing the budgets according to every one's work.

- 6- The Jordanian banks commit to the application of the responsibility accounting features concerning using the estimated budgets for control and performance evaluation in the Jordanian banks; comparing the employees' actual performance with the planned one in every center of responsibility provides appropriate information in the proper time and comparing the employees' actual performance supports the control policies and comparing the actual performance with the planned performance of the center of responsibility identifies who is responsible for the deviation. And comparing the actual performance with the planned one also helps in evaluating the employees' performance and facilitating the process of communication between the administrative levels.
- 7- The Jordanian banks commit to the application of the responsibility accounting features regarding preparing the reports that analyzes the deviations of the actual performance from the planned one through setting means to treat the reasons of such deviations whenever it is possible, preparing reports to measure the center's performance and the manager and his employees' participate in designing the report and linking the its data with those who are responsible for the deviations, the reports which are interested in the center's performance financially, measure the performance of every center separately. The Jordanian banks study and analyze the deviations mentioned in the reports but they are not committed to the reports of the center's performance regarding the non-financial aspects.
- 8- The Jordanian banks commit to the application of the features of responsibility accounting regarding the system of incentives by giving moral incentives and rewards to the employees who achieved the objectives of the bank, and these rewards are based on efficient and objective basis. These banks also grant the employees, who achieved the banks' planned objectives, financial incentives that comply with the employees' responsibility in the center of responsibility and the banks reconsider periodically the system of incentives whereas the analytical analysis showed the employees dissatisfaction of the system of incentives of their banks.

9. Recommendations

- 1- It is necessary for the banks to have the employees in the centers of responsibility involved in setting the objectives and preparing the estimated budgets of their centers according to every one's specialization and capability and this is a motive to the employees to work harder which affects positively the banks' performance.
- 2- To is necessary to have a coordination between the Central Bank and the administrations of the banks to develop a guide recommended for application in the Jordanian banks that includes objectives and advantages in using responsibility accounting to enhance applying this method in the banks.
- 3- It is necessary for the professional organizations as the association of the banks to encourage the banks to use the other modern administrative accounting methods in its business as the application of Activity Based Costing system (ABC), the Activity Based Budgeting (*ABB*) and the balanced Score card (BSC) because of the importance of the role that these methods may play in the operations of planning, control and performance evaluation which will improve the revenues through achieving the best investment of the resources.
- 4- It is necessary for the banks to adopt systems of incentives that correlated with efficiency and the good performance of the employees and achieved him satisfaction and self-comfort.
- 5- It is necessary for the Jordanian banks to revise regularly the system of dividing the organizational structure into centers of responsibility to verify the appropriateness of the centers' objectives with the general objectives of their banks.
- 6- It is necessary for the Jordanian banks to activate the principle of reflexive feedback to investigate the employees' opinions in different administrative levels according their evaluation of the system of the responsibility accounting and to listen to their suggestions.

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